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FISCAL IMPACT STATEMENT

LS 7721

BILL NUMBER: SB 561

NOTE PREPARED: Apr 6, 2007

BILL AMENDED: Apr 5, 2007

SUBJECT: Public Safety Deferred Retirement Option Plan and Public Safety Matters.

FIRST AUTHOR: Sen. Mishler
FIRST SPONSOR: Rep. Wolkins

BILL STATUS: CR Adopted - 2nd House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: (Amended) This bill:

(1) Removes Prior Service Credit Limit 1977 Fund This part removes a provision that limits credit for prior service to allow a firefighter to accrue 20 years of service credit in the 1977 Police Officers' and Firefighters' Pension and Disability Fund;

(2) DROP Disability 1977 Fund This part permits a member of the 1977 Police Officers' and Firefighters' Pension and Disability Fund who retires because of a disability more than 12 months after the date the member enters the Deferred Retirement Option Plan (DROP) to choose whether to receive a retirement benefit calculated as if the member: (A) had never entered the DROP; or (B) exited the DROP on the date the member retires because of the disability;

(3) Firefighter Certification Requirements This part allows a person who fulfills certain firefighter certification requirements to be in compliance with minimum basic firefighter training requirements;

(4) Ordinance Adoption Computer Facilities District This part allows any county to adopt an ordinance creating a public safety communications systems and Computer Facilities District (District);

(5) Property Tax Levy Prohibition This part prohibits a county from imposing an ad valorem property tax levy to fund the operation or implementation of the district; and

(6) Re-submission of the DROP Application: This part authorizes a member of the 1925 Police Pension Fund, the 1937 Firefighters' Pension Fund, the 1953 Police Pension Fund, or the 1977 Police Officers' and Firefighters' Pension and Disability Fund to resubmit, before July 1, 2007, a disapproved election to enter

a DROP and to have the election approved so that the dates the member enters and exits the DROP are the dates selected by the member when the election was initially submitted.

Effective Date: (Amended) July 1, 2007; Upon Passage.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) *(1) Prior Service Credit Limit for the 1977 Fund:* Currently, this provision applies to one entity, the town of Fishers. This will increase costs for the town by an indeterminable amount. Currently, employing units contribute 21% of covered payroll, while the employee contributes 6% of the salary of a first class patrolman or firefighter. An employer may pay part or all of a member's contribution.

(2) DROP Disability 1977 Fund: For the 1977 Police Officers' and Firefighters' Pension and Disability Fund, DROP members will continue to be funded as though they are active members. In other words, members in the DROP continue to contribute 6% of the first class salary (until they have 32 years of service) and the employer continues to contribute 21% of the first class salary. These contributions continue while the members are in the DROP.

Since the DROP was designed to be actuarially neutral and this legislation does not otherwise increase benefits, this bill would not have any fiscal impact.

(3) Firefighter Certification Requirements: This part permits alternatives to firefighter certification. It is unclear, what, if any, fiscal impact these provisions will have.

(6) Re-submission of the DROP Application The fiscal impact, if any, from this bill is expected to be minimal. Fewer than ten people on a statewide basis are expected to be affected by this proposal.

Explanation of Local Revenues: (Revised) *(5) Communications Districts:* Under current law, only Marion County and Elkhart County may create a public safety communications systems and computer facilities district (district). This bill would permit any county to adopt an ordinance creating a district. Each district would encompass the unincorporated portion of the county plus any municipalities and townships that choose to join the district.

Currently, Marion County may fund the district from COIT revenues and may not impose a property tax rate in the district. Elkhart County is currently authorized to impose a tax rate of up to \$0.05 per \$100 AV. However, Elkhart County has not yet imposed this tax rate and instead funds the district from county resources.

Under this provision, the remaining 90 counties would not be permitted to impose a property tax rate to fund the districts. The current funding options for Elkhart and Marion Counties would not be affected. This provision would not affect property tax levies.

State Agencies Affected: Public Employees' Retirement Fund as administrators of the 1977 Police Officers' and Firefighters' Pension and Disability Fund.

Local Agencies Affected: Those municipalities with members in the 1977 Police Officers' and Firefighters' Pension and Disability Fund and the Old Funds.

Information Sources: Doug Todd of McCready & Keane, Inc., actuaries for PERF and the 1977 Police Officers' and Firefighters' Pension and Disability Fund, 317- 576-1508; Mr. Tom Hanify, Indiana Professional Firefighters' Union, 317-630-1840; Mr. Leo Blackwell, Indiana Fraternal Order of Police, 317-634-4356.

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